

Filing and Security

Primary Case: 290-WF-171994

Case Title: (U) HIDDEN INTERESTS;
MAJOR CASE# 38;
FIF

Full Inve:

Serial Number: 841

Serialized: 04/04/2000

Category:

Initiated: 02/14/1991

Details

Serial #: 841

Type: EC

Document Title: SUMMARY OF HIDDEN INTERESTS INVESTIGATION REGARDING

Approval Date: 04/04/2000

Classification: SN

Contents:

Precedence: ROUTINE Date: 04/04/2000

To: [REDACTED] Attn: Squad 15

SA [REDACTED]

b6

b7C

From: WFO

C-5/NVRA

Contact: SA [REDACTED]

Approved By [REDACTED]

Drafted By: [REDACTED]

b6

b7C

Case ID #: 29B-WF-171994 (Pending)

Title: Hidden Interests

Major Case # 38

FIF; FAG

OO:WFO

Synopsis: Summary of Hidden Interests investigation regarding lead.

Reference: 29B-WF-171994 Serial 838

Details: [REDACTED] requested a summary of the Hidden Interests investigation. Hidden Interests was a Major Case investigation into an international banking organization which was set up as follows:

b7D

BCCI Holdings (Luxembourg) S.A. - Was a foreign bank holding company established under the laws of Luxembourg.

Bank of Credit and Commerce International S.A. (BCCI SA) - BCCI Holdings owned and controlled BCCI SA, which operated agencies in Los Angeles, California and New York, New York.

Bank of Credit and Commerce International (Overseas) Limited (BCCI Overseas) - BCCI Holdings owned and controlled BCCI Overseas, which was a foreign bank established under the laws of the Cayman Islands. BCCI Overseas operated agencies in Miami, Tampa and Boca Raton, Florida.

The above listed entities will be referred to as the BCCI Group.

International Credit and Investment Company (Overseas) Limited (ICIC Overseas) - Was a foreign bank established under the laws of the Cayman Islands.

The major defendants in this matter were:

AGHA HASAN ABEDI - Founder of BCCI. Former Director and President of BCCI Holdings. ABEDI was a principal of BCCI Holdings, BCCI Overseas, BCCI SA and ICIC Overseas. Now deceased.

[redacted] of BCCI Holdings, BCCI Overseas, BCCI SA and ICIC Overseas. Described as [redacted] at BCCI. [redacted] BCCI after ABEDI's illness in 1983.

b6
b7C

GHAITH PHARAON - A nominee (straw purchaser) for BCCI regarding the illegal purchases of Independence Bank of Encino and the National Bank of Georgia. PHARAON also illegally purchased subordinate debentures from Centrust Saving Bank, Miami. PHARAON was a Saudi Arabian businessman and shareholder in the BCCI Group.

Background of the investigation:

The BCCI "scandal" was a world wide scandal. It was one of the largest commercial frauds and the largest bank failure in history. The fall of BCCI resulted in almost 12 billion dollars in depositors' moneys being lost and it left some 250,000 unpaid creditors around the world. Thousand of families lost their life savings in the bank's collapse.

Within the United States, BCCI's fraudulent activities, caused the closure of two banks.

In 1985, BCCI, using straw purchasers, secretly acquired the Independence Bank of Encino, California. The concealment of this secret agreement was a violation of the federal regulations and enabled the Independence Bank to obtain insurance protection fraudulently from the Federal Government, backed by the funds and security of the United States. BCCI Officers used wire communications in order to transmit information to further the scheme.

Through deceptive stock purchases by the BCCI Group, Abedi, [redacted] and Pharaon, the BCCI Group acquired and maintained control and influence over the National Bank of Georgia.

b6
b7C

In January 1988, Pharaon (a fugitive in this matter) participated in a conspiracy with BCCI and its principal officers to defraud the U.S. Government and individual investors. Pharaon used BCCI to facilitate a fraud by manipulating the financial market for a subordinate debenture offering issued by the Centrust Savings Bank in Miami, Florida. When Centrust issued the subordinate debenture, Centrust had secretly agreed with Pharaon to buy back the \$25 million subordinate debenture originally purchased by Pharaon. Thus making it appear that the offering was fully funded. In reality, the subordinate debentures were bought by Centrust which wanted the issue to appear to be popular in order to inflate the price artificially and thus bring in more funds to the bank. Pharaon purchased the subordinate debentures with funds he had received from BCCI.

Prosecution:

On November 15, 1991, a U.S. Grand Jury in Washington, D.C., filed an indictment, charging the below listed individuals and entities with the following: 1) Title 18 U.S.C. 371 (Conspiracy); 2) Title 18 U.S.C. 1343 (Wire Fraud); 3) Title 18 U.S.C. 1962d (Racketeering Conspiracy); and 4) Title 18 U.S.C. 2

(Aiding and Abetting). There were several superseding indictments which followed.

The entities indicted were:

BCCI Holdings
BCCI SA
BCCI Overseas
ICIC Overseas

The individuals indicted were:

AGHA HASAN ABEDI

GHAI TH PHARAON

b6
b7C

Results of the investigation:

In December of 1991 the BCCI Group and ICIC Overseas plead guilty to the charges in the November indictment. The action successfully resolved all United States charges against BCCI Group and ICIC Overseas. It forfeited all of the BCCI Groups assets in the United States and required full BCCI Group cooperation in the ongoing investigation.

There were four key elements to the plea agreement:

1) BCCI Group and ICIC Overseas plead guilty to the original and the superseding charges filed in the U.S. District Court for the District of Columbia. The charges accused BCCI Group and ICIC Overseas of violating the RICO statute through conspiring to commit racketeering acts involving fraud, money laundering, tax evasion and conspiracy. Specifically, the BCCI Group was charged with secretly acquiring control and influence over First American Bank of Washington, D.C.; The Independence Bank of Encino, California; and the National Bank of Georgia. The racketeering conspiracy also included allegations of fraud in the sale of the subordinate debentures of Centrust Savings Bank of Miami.

2) The BCCI Group and ICIC Overseas further plead guilty to charges which had been filed by the District Attorney's Office in the Supreme Court of New York County. As part of the plea, BCCI Group agreed to pay a \$10 million fine to New York State.

3) The plea agreement also required the BCCI Group to forfeit all of its assets in the United States to the Federal Government.

4) The final element of the plea agreement related to the cooperation that the BCCI Group was to provide in the ongoing investigation. The BCCI Group was to provide full access to documents and witnesses.

AGHA HASAN ABEDI - While he was indicted, he was never arrested nor did a trial take place. Abedi was residing in Pakistan and being protected by the Pakistani government. He has since passed away.

[REDACTED] was brought to the United States and plead guilty to Count One, Conspiracy, Title 18 U.S.C. 371, Count Two, Wire Fraud, Title 18 U.S.C. 1343, and Count Three, RICO Conspiracy, Title 18 U.S.C. 1962, of the Superseding Indictment.

b6
b7C

GHAI TH PHARAON - Pharaon is still a fugitive. Should Pharaon be arrested and extradited to the United States either a trial or plea agreement will be undertaken. Currently all of Pharaon's assets within the United States are frozen. There is



currently an ongoing negotiation for a settlement between the United States and Pharaon.

WFO considers the lead covered.

Routing

Drafted by:

[Redacted signature box]

Approved by:

b6
b7C